Senate Bill No. 566

CHAPTER 709

An act to amend Sections 7251.1, 7285, and 7285.5 of, to add Chapter 2.3 (commencing with Section 7285.9) to Part 1.7 of Division 2 of, and to repeal Sections 7251.3 and 7251.4 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 8, 2003. Filed with
Secretary of State October 9, 2003.]

SB 566, Scott.   Transactions and use tax: maximum allowable rate.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy transactions and use taxes in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law.

Existing law provides that the combined rate of all transactions and use taxes imposed in accordance with that law, in any county, may not exceed 1.5%, except in the County of San Mateo and the City and County of San Francisco.

This bill would authorize any city to levy, increase, or extend a transactions and use tax in accordance with the Transactions and Use Tax Law. This bill would provide that the combined rate of transactions and use taxes in any county may not exceed 2%. This bill would make conforming changes to related provisions.

The people of the State of California do enact as follows:

SECTION 1.   Section 7251.1 of the Revenue and Taxation Code is amended to read:

7251.1.   The combined rate of all taxes imposed in accordance with this part in any county may not exceed 2 percent. No tax shall be considered to be in accordance with this part if, upon its adoption, the combined rate in the county will exceed 2 percent.

SEC. 2.   Section 7251.3 of the Revenue and Taxation Code is repealed.

SEC. 3.   Section 7251.4 of the Revenue and Taxation Code is repealed.

SEC. 4.   Section 7285 of the Revenue and Taxation Code is amended to read:

7285. The board of supervisors of any county may levy, increase, or extend a transactions and use tax for general purposes at a rate of 0.25 percent or a multiple thereof, if the ordinance proposing that tax is approved by a two-thirds vote of all members of the board of supervisors and the tax is approved by a majority vote of the qualified voters of the county voting in an election on the issue. The board of supervisors may levy, increase, or extend more than one transaction and use tax under this section, if the adoption of each tax is in the manner prescribed in this section. The transactions and use tax shall conform to Part 1.6 (commencing with Section 7251).

SEC. 5. Section 7285.5 of the Revenue and Taxation Code is amended to read:

7285.5. As an alternative to the procedure set forth in Section 7285, the board of supervisors of any county may levy, increase, or extend a transactions and use tax for specific purposes. The tax may be levied, increased, or extended at a rate of 0.25 percent, or a multiple thereof, for the purpose for which it is established, if all of the following requirements are met:

(a) The ordinance proposing that tax is approved by a two-thirds vote of all members of the board of supervisors and is subsequently approved by a two-thirds vote of the qualified voters of the county voting in an election on the issue.

(b) The transactions and use tax conforms to the Transactions and Use Tax Law Part 1.6 (commencing with Section 7251).

(c) The ordinance includes an expenditure plan describing the specific projects for which the revenues from the tax may be expended.

SEC. 6. Chapter 2.3 (commencing with Section 7285.9) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 2.3. CITIES TRANSACTIONS AND USE TAXES

7285.9. The governing body of any city may levy, increase, or extend a transactions and use tax for general purposes at a rate of 0.25 percent or a multiple thereof, if the ordinance proposing that tax is approved by a two-thirds vote of all members of that governing body and the tax is approved by a majority vote of the qualified voters of the city voting in an election on the issue. The governing body may levy, increase, or extend more than one transaction and use tax under this section, if the adoption of each tax is in the manner prescribed in this section. The transactions and use tax shall conform to Part 1.6 (commencing with Section 7251).

7285.91. As an alternative to the procedure set forth in Section 7285.9, the governing body of any city may levy, increase, or extend a

transactions and use tax for specific purposes. The tax may be levied, increased, or extended at a rate of 0.25 percent, or a multiple thereof, for the purpose for which it is established, if all of the following requirements are met:

(a) The ordinance proposing that tax is approved by a two-thirds vote of all members of the governing body and is subsequently approved by a two-thirds vote of the qualified voters of the city voting in an election on the issue.

(b) The transactions and use tax conforms to the Transactions and Use Tax Law Part 1.6 (commencing with Section 7251).

(c) The ordinance includes an expenditure plan describing the specific projects for which the revenues from the tax may be expended.

7285.92.   The authority of a city to impose transactions and use taxes under this chapter is in addition to any authority to impose these taxes contained in Chapters 2.6 (commencing with Section 7286.20) to 2.99 (commencing with Section 7286.80), inclusive, of this part. The authority of a city to impose transactions and use taxes under any provision of law is subject to the rate limitation specified in Section 7251.1.

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